

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF
ALBERTA
CALGARY

JUDICIAL CENTRE

MATTER

IN THE MATTER OF THE
COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, AS AMENDED

AND IN THE MATTER OF THE PLAN
OF COMPROMISE OR
ARRANGEMENT OF ROYAL
HELIUM LTD., IMPERIAL HELIUM
CORP., AND ROYAL HELIUM
EXPLORATION LIMITED.

APPLICANTS

ROYAL HELIUM LTD., IMPERIAL
HELIUM CORP., AND ROYAL
HELIUM EXPLORATION LIMITED.

DOCUMENT

**ORIGINATING APPLICATION
(CCAA Initial Order)**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

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Toronto, ON, CA M5H 2A4

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NOTICE TO THE RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date: February 19, 2025
Time: 3:00pm (MST)

Where: Edmonton Law Courts – By Webex Link to be provided
Before: The Honourable Justice D.R. Mah

Go to the end of this document to see what you can do and when you must do it.

Remedy sought:

1. Royal Helium Ltd., Imperial Helium Corp. and Royal Helium Exploration Limited (collectively, the “**Applicants**”) seek the following relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”):

a) An initial order (the “**Initial Order**”) substantially in the form attached as

Schedule “A”:

- i. declaring that each of the Applicants are companies to which the CCAA applies;
- ii. declaring that (i) the proceedings commenced by the Applicants under Division I of Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”, and such proceedings, the “**NOI Proceedings**”) of the Applicants are taken up and continued under the CCAA, pursuant to section 11.6(a) of the CCAA; (ii) declaring that Division I of Part III of the BIA has no further application to the Applicants; (iii) terminating the NOI Proceedings; and (iv) deeming the Notices of Intention to Make a Proposal (the “**NOIs**”) filed by the Applicants, under section 50.4 of the BIA, to be withdrawn;
- iii. appointing Alvarez & Marsal Canada Inc. (“**A&M**”) as the monitor (the “**Monitor**”) of the Applicants in these proceedings;

- iv. declaring that the relief granted by order of the Ontario Superior Court of Justice (Commercial List) dated January 29, 2025 (the “**Consolidation Order**”) is hereby taken up and continued pursuant to the Initial Order;
- v. continuing and taking up under the CCAA such charges and amounts secured under the Consolidation Order, specifying that the Amended Administration Charge (as defined below) shall secure the fees and disbursements of the Monitor and its legal counsel, and confirming that such charges attach to all of the assets and property of the Applicants and continue to rank in priority to all other charges, mortgages, liens, security interests and other encumbrances therein, and in the following order priority amongst themselves:
 - 1. first – a charge in favour of the Monitor, its legal counsel, and the Applicants’ legal counsel in respect of their fees and disbursements, to a maximum amount of \$300,000 (the “**Amended Administration Charge**”); and
 - 2. second – a charge in favour of the DIP Lender up to the maximum principal amount of \$1,500,000 (“**DIP Lenders’ Charge**”);
- vi. authorizing the Applicants to pay the reasonable expenses incurred in carrying out their business in the ordinary course, including certain expenses incurred prior to the date of the Initial Order;
- vii. authorizing the Applicants to pay all reasonable fees and disbursements of the Proposed Monitor, the Proposed Monitor’s legal counsel, and the Applicants’ legal counsel; and

- b) such further and other relief as may be sought by the Applicants and granted by this Honourable Court.

2. Capitalized terms used in this Originating Application and not otherwise defined have the same meaning as ascribed to such terms in the Affidavit of David Young, sworn on February 9, 2025 (the “**Young Affidavit**”).

Grounds for making this application:

Background

3. Royal Helium Ltd. (“**RHL**”) is a public company that trades on the Toronto Stock Exchange, Venture Exchange (the “**TSX.V**”) and holds 100% of the issued and outstanding capital of its two subsidiaries: Royal Helium Exploration Limited (“**RHEL**”) and Imperial Helium Corp (“**IHC**”, together with RHEL the “**RHL Subsidiaries**”). The Applicants are in the business of gas extraction and exploration.

4. On January 17, 2024, the Applicants each filed an NOI with the Office of the Superintendent of Bankruptcy Canada pursuant to Section 50.4(1) of the BIA. Grant Thornton Limited is the Proposal Trustee in the NOI Proceedings.

5. On January 29, 2025, the Applicants brought a motion in the Ontario Superior Court of Justice (Commercial List) for an order, among other things,: (i) procedurally consolidating the Applicants’ NOI Proceedings; (ii) extending the time for the Applicants to file a proposal to April 2, 2025 (the “**Stay Period**”); (iii) granting the Administration Charge (as defined therein); (iv) approving the DIP Facility and granting the DIP Lender’s Charge on the Property; and (v) ordering that the NOI Proceedings be transferred to the Court of King’s Bench of Alberta.

Continuing as CCAA Proceedings

6. The Stay Period is presently scheduled to expire April 2, 2025.
7. The Applicants require that the NOI Proceedings continue as a CCAA proceeding so that they can work towards a successful sale of the Applicants' assets and/or a restructuring, recapitalization or other reorganization of the Business for the benefit of the Applicants' stakeholders, including their secured creditors.
8. Converting from the NOI Proceedings to CCAA proceedings presents the best chance for the Applicants, with the assistance of the Monitor, to run an effective sales and investment solicitation process and preserve the value of the Property and the Business in the interim.
9. Continuing the NOI Proceedings under the CCAA is appropriate for the following reasons including, *inter alia*,
 - a) the Applicants have acted and continue to act in good faith and with due diligence;
 - b) no creditor will be materially prejudiced by the requested continuation;
 - c) conversion of the NOI Proceedings under the CCAA is not precluded under section 11.6 of the CCAA;
 - d) the Applicants have sufficient financing to fund the restructuring efforts under the CCAA;
 - e) the Applicants are companies to which the CCAA applies—affiliated companies which have claims against them in excess of \$5,000,000 and are insolvent; and

- f) the Proposal Trustee and the Monitor support converting the NOI Proceedings to CCAA proceedings and will continue to assist them in restructuring efforts under the CCAA.

Validity and Priority of Court Ordered Charges

10. The Consolidation Order granted the Administration Charge (as defined therein) and the DIP Lender's Charge which the Applicants seek to take up and continue in these CCAA proceedings subject to certain amendments to the Administration Charge including security for the professional fees and disbursements incurred by the Monitor and its counsel (the **"Amended Administration Charge"**). The priorities of the Charges (defined below), as among them, are listed below:

- a) first – a charge in favour of the Monitor, its legal counsel, and the Applicants' legal counsel in respect of their fees and disbursements, to a maximum amount of \$300,000 (the **"Amended Administration Charge"**); and
- b) second – charge in favour of the DIP Lender up to the maximum principal amount of \$1,500,000 (**"DIP Lenders' Charge"**, together with the Amended Administration Charge, the **"Charges"**).

11. The Charges are reasonable and appropriate in the circumstances and the involvement of professionals and the DIP Lender is critical to the Applicants' restructuring efforts and the success of these insolvency proceedings.

Role of the Monitor

12. The Monitor will assist with the implementation of the SISF.

Affidavit or other evidence to be used in support of this application:

13. The Applicants intend to rely upon the following materials:
- a. Affidavit of David Young, sworn on February 9, 2025, to be filed;
 - b. Bench Brief, to be filed;
 - c. the consent of A&M to act as the court-appointed monitor of the Applicants;
 - d. the Pre-Filing Report of the Monitor; and
 - e. such further and other materials or evidence as counsel to the Applicants may advise and this Honourable Court may permit.

Applicable Acts and regulations:

14. The Applicants will rely upon and refer to the following during the making of the Application:
- a. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
 - b. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
 - c. the *Judicature Act*, RSA 2000, c J-2;
 - d. *Alberta Rules of Court*, Alta. Reg. 124/2010;
 - e. The equitable jurisdiction of this Honourable Court; and
 - f. such further and other Acts and regulations as counsel to the Applicants may advise.

Any irregularity complained of or objection relied on:

15. None.

How the application is proposed to be heard or considered:

16. Before the presiding Justice in Commercial Chambers via Webex.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons

claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

Clerk's Stamp:

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CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS
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AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF ROYAL HELIUM LTD.,
IMPERIAL HELIUM CORP., AND ROYAL HELIUM
EXPLORATION LIMITED.

APPLICANTS:

ROYAL HELIUM LTD., IMPERIAL HELIUM CORP., AND
ROYAL HELIUM EXPLORATION LIMITED.

DOCUMENT

CCAA INITIAL ORDER

CONTACT INFORMATION OF

PARTY FILING THIS DOCUMENT:

Reconstruct LLP

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File No: 00482

DATE ON WHICH ORDER WAS PRONOUNCED:

February 19, 2025

NAME OF JUDGE WHO MADE THIS ORDER:

Justice D.R. Mah

LOCATION OF HEARING:

Edmonton, Alberta

UPON the application of Royal Helium Ltd., Imperial Helium Corp. and Royal Helium Exploration Limited (collectively, the "**Applicants**"); **AND UPON** having read the Originating Application, the Affidavit of David Young sworn February 10, 2025 (the "**Young Affidavit**"); and the Affidavit of Service of ● sworn February ●, 2025; **AND UPON** reading the consent of Alvarez & Marsal Canada Inc. ("**A&M**") to act as monitor (the "**Monitor**"); **AND UPON** being advised that the Applicants had previously commenced proceedings under Part III of the *Bankruptcy and*

Insolvency Act, R.S.C. 1985, c. B-3 (the “**BIA**”) in the Ontario Superior Court of Justice (Commercial List), having Court File Number BK-25-3176135-0031 (the “**NOI Proceedings**”) and that Grant Thornton Limited was appointed as the proposal trustee in the NOI Proceedings (“**Proposal Trustee**”), with the current stay under the NOI Proceedings scheduled to expire on April 2, 2025; **AND UPON** noting that, pursuant to an order of the Ontario Superior Court of Justice (Commercial List) dated January 29, 2025 (the “**Consolidation Order**”): (i) an Administration Charge (as defined in the Consolidation Order) was granted; and (ii) a debtor in possession facility (“**DIP Facility**”) was approved up to the maximum principal amount of \$1,500,000 and a corresponding DIP Lenders’ Charge (as defined in the Consolidation Order) in favour of Energy & Specialty Gases DIP, LLC (“**DIP Lender**”) was granted over the Property (as defined herein); **AND UPON** noting that the secured creditors have been provided notice of this application and consent to the within Order; **AND UPON** reading the Pre-Filing Report of the Monitor, to be filed; **AND UPON** hearing counsel for the Applicants, counsel for the proposed Monitor, counsel for Canadian Western Bank (“**CWB**”), counsel for the Business Development Bank of Canada (“**BDC**”) and counsel to all other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Young Affidavit.

APPLICATION

2. The Applicants are companies to which the *Companies’ Creditors Arrangement Act* R.S.C. , 1985, c. C-36 (the “**CCAA**”) applies.
3. The NOI Proceedings are hereby taken up and continued under the CCAA pursuant to section 11.6(a) of the CCAA and the provisions of Part III of the BIA shall have no further application to the Applicants. The NOI Proceedings shall have no further force and effect, and are hereby terminated, save that any and all acts, steps, agreements and procedures validly taken, done or entered into by the Applicants during the NOI Proceedings shall remain valid, binding and actionable within these proceedings. For certainty, this includes approval of the fees and disbursements and activities of Grant Thornton Limited in its capacity as Proposal Trustee and the fees and disbursements of the Proposal Trustee’s

counsel in the NOI Proceedings. The Applicants are hereby directed and authorized to file a copy of this Order in the NOI Proceedings.

4. The Charges (as defined in the Consolidation Order) are hereby taken up and continued in these CCAA proceedings, subject to the amendments to such Charges described herein.

PLAN OF ARRANGEMENT

5. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

6. The Applicants shall:
 - (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”);
 - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property;
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order; and
 - (d) be entitled to continue to utilize the central cash management system and reconciliation systems currently in place as described in the Young Affidavit.
7. To the extent permitted by law, the Applicants shall be entitled but not required to make the following advances or payments of the following expenses, incurred prior to or after this Order:
 - (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each

case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including for periods prior to the date of this Order.

8. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

9. The Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority that are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

- (i) employment insurance,
- (ii) Canada Pension Plan,
- (iii) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or

collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and that are attributable to or in respect of the carrying on of the Business by the Applicants.
10. Until such time as a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("**Rent**"), but shall not pay any rent in arrears.
11. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:
- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order other than the payments approved and made pursuant to the Consolidation Order;
 - (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and
 - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. The Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:
- (a) permanently or temporarily cease, downsize or shut down any portion of their business or operations and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$250,000 in the aggregate,

provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;

- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;
- (c) disclaim or resiliate, in whole or in part, with the prior consent of the Monitor (as defined below) or further Order of the Court, their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Applicants deems appropriate, in accordance with section 32 of the CCAA; and
- (d) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

13. The Applicants shall provide each of the relevant landlords with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days’ notice to such landlord and any such secured creditors. If the Applicants disclaims or resiliates the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicant’s claim to the fixtures in dispute.

14. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
- (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and
 - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

15. Until and including April 2, 2025 or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

- (a) empower the Applicants to carry on any business that the Applicants are not lawfully entitled to carry on;
 - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
 - (c) prevent the filing of any registration to preserve or perfect a security interest;
 - (d) prevent the registration of a claim for lien; or
 - (e) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment.
17. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

18. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

19. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, consulting services, insurance, transportation, services, utility, or other services to the Business or the Applicants

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued services, provided in each case that the usual charges for all such goods and services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any person, other than the DIP Lender where applicable, be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 18 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date of this Order and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

APPOINTMENT OF MONITOR

22. A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business, and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein. The Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by

the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicant;
- (c) advise the Applicants in their preparation of the Applicants' cash flow statements;
- (d) assist the Applicants, to the extent required by the Applicants, in their dissemination to the DIP Lender and its counsel;
- (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Property, Business, and financial affairs of the Applicants or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and

- (j) perform such other duties as are required by this Order or by this Court from time to time.
24. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation or regulation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order be deemed to be in possession of any of the Property within the meaning of any federal or provincial environmental legislation.
25. The Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
26. In addition to the rights and protections afforded the Monitor under the CCAA or as an Officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

AMENDED ADMINISTRATION CHARGE

27. The Monitor, the Monitor's counsel, and the Applicants' counsel shall be paid their reasonable fees and disbursements incurred both before and after the granting of the Consolidation Order in the NOI Proceedings (including any pre-filing fees and disbursements related to these CCAA proceedings) and both before and after the granting of this Order, in each case at their standard rates and charges, as part of the costs of these proceedings.
28. The Monitor and its legal counsel shall pass their accounts from time to time.
29. The Monitor, the Monitor's counsel, and the Applicants' counsel, as security for the professional fees and disbursements incurred at the normal rates and charges both before and after the granting of this Order, shall be entitled to the benefits of the Administration Charge on the Property granted in the Consolidation Order, that has been taken up and continued as part of these CCAA proceedings, which charge is hereby amended to include security for the professional fees and disbursements incurred by the Monitor and its counsel, and which charge shall not exceed the aggregate amount of \$300,000 (the "**Amended Administration Charge**").
30. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicants as such accounts are rendered using the proceeds of the DIP Facility. The Monitor and its counsel shall be authorized to immediately apply any such payments made by the Applicants to their fees and disbursements and such amounts shall constitute advances against remuneration and disbursements when and as approved by this Court.
31. The Amended Administration Charge shall have the priority set out in paragraph 32 herein.

VALIDITY AND PRIORITY OF CHARGES

32. The Administration Charge and DIP Lender's Charge created by the Consolidation Order are hereby taken up and continued in the CCAA proceedings and are amended as set out herein in the form of the Amended Administration Charge. The priorities of the Charges (defined below), as among them, shall be as follows:
 - (a) **first** – the **Amended Administration Charge** in favour of the Monitor, its legal

counsel, and the Applicants' legal counsel in respect of their fees and disbursements, up to the maximum amount of \$300,000; and

- (b) **second** – the **DIP Lender's Charge** in favour of the DIP Lender up to the maximum principal amount of \$1,500,000.

(collectively, the "**Charges**").

33. The filing, registration or perfection of the Charges shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
34. Each of the Charges shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.
35. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, CWB, BDC, and the beneficiaries of the Charges, or further order of this Court.

RELIEF FROM REPORTING OBLIGATIONS

36. The decision by the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act (Ontario)*, R.S.O., c. S.5 and comparable statutes enacted by other provinces of Canada, the TSX Company Manual and other rules, regulations and policies of the Toronto Stock Exchange and (collectively, the

“Securities Provisions”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

37. None of the directors, officers, employees, and other representatives of the Applicants nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants.

ALLOCATION

38. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Charges amongst the various assets comprising the Property.

SERVICE AND NOTICE

39. The Monitor shall (i) without delay, publish in the Globe and Mail a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
40. The Monitor shall establish or continue a case website in respect of the within proceedings (the **“Monitor’s Website”**).
41. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true

copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

42. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsel's email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on the Monitor's Website.

GENERAL

43. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
44. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
45. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager or a trustee in bankruptcy of the Applicants, the Business or the Property.
46. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

47. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
48. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
49. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

Justice of the Court of King's Bench of Alberta